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EASTPORT INDUSTRIES, INC.

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Surface Transportation Board
Office of the Secretary
Case Control Unit, Attn: STB Ex Parte No. 582
1925 K Street, N.W.
Washington, D.C. 20423-0001

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re: STB Ex Parte No. 582

Dear Sir:

Eastport Industries, Inc. is a shipping company in Eastport, Idaho, at the Canadian border. We are served by the Union Pacific and Canadian Pacific Railroads. Our annual volume is approximately $70,000,000.00 in commodities shipped into various areas of the United States.

We are pleased to see the STB taking a careful approach to the BNSF/CN proposed control application. It is our opinion that the effects of another merger, or consolidation in the United States shipping industry will have an extensive effect upon the U.S. economy and have devastating effects on companies like ours. In the last series of major mergers, with the introduction of the Burlington Northern and Santa Fe merger and those that followed, our volume dropped a total of 38%. Our annual gross volume in 1996 was $99,000,000.00, then in 1997 we lost 13% of our business, then in 1998 another drop of 29% on year to year comparisons. We have seen an increase in 1999 of 10% finally. It may take several more years to get back to those 1996 levels. This is our concern with another major rail merger coming so soon on the heels of several other major rail mergers. Our question is will we lose a greater amount of business than the previous merger losses gave us, if so we might find ourselves out of business with another 30-40% loss of our current business.

Another large railroad consolidation such as the BNSF/CN transaction would lead to other significant additional consolidations. For example the proposed BNSF/CN consolidation would make that railroad multinational. It would greatly simplify operations for that railroad into and out of Canada and the U.S. The Union Pacific Railroad may then be forced to attempt a consolidation with Canadian Pacific to maintain equal advantage. The Proposed BNSF/CN consolidation could give BNSF a virtual monopoly on shipping out of the southeast British Columbia and Southern Alberta. Such a monopoly could put my business, EASTPORT INDUSTRIES, INC. out of business. If this were to happen the UPRR would lose their only reload at the Canadian border. The only place the UPRR connects with the Canadian border is at Eastport, Idaho. This would be a serious blow to the UPRR operation, and it would be a devastating blow to this area of Northern Idaho, which is already economically depressed with a double digit unemployment rate.

If Canadian railroads are allowed to merge with U.S. railroads there would no longer be any need for international border reload centers. The Canadian Forest Products that are currently reloaded at the Eastport Industries, Inc. Reload Center could then be loaded at Canadian reload centers and the products could move freely across the border without changing railroads. This would result in jobs and other economic advantages in the U.S. being lost to Canada. In 1999 the total operating expense for Eastport Industries, Inc. was approximately $640,000.00. This would be a serious loss to the U.S. economy and an especially serious loss to North Idaho. If this scenario is repeated many times across our northern border, it will be a serious blow to the U.S. economy.